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NAHANNI MINES LIMITED

ANNUAL
REPORT
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Annual Meeting of Shareholders of Nahanni Mines Limited

Thursday, June 27, 1968 at 11.30 A.M. (Toronto Time)

Queen's Park Room — King Edward Sheraton Hotel

37 King Street East, Toronto 1, Canada

Sixth Annual Report 1967

NAHANNI MINES LIMITED

EXECUTIVE OFFICE:

SUITE 915, 25 ADELAIDE STREET EAST, TORONTO 1, CANADA

WESTERN OFFICE:

SUITE 302, 550 BURRARD STREET, VANCOUVER 1, CANADA

OFFICERS

J. A. HARQUAIL - - - - - President
J. C. BYRNE - - - - - Vice-President
S. WISEBROT - - - - - Secretary-Treasurer

DIRECTORS

J. C. BYRNE - - - - - Toronto
J. M. EASSON - - - - - Toronto
DR. E. L. EVANS - - - - - Toronto
J. A. HARQUAIL - - - - - Toronto
J. F. SHIRRIFF - - - - - Toronto

CONSULTANTS

Surveymin Limited - - - Toronto and Vancouver

AUDITORS

Price Waterhouse & Co. - - - - - Toronto

BANKERS

Royal Bank of Canada - - - - - Toronto

SOLICITORS

Tilley, Carson, Findlay & Wedd - - - - - Toronto

REGISTRAR AND TRANSFER AGENTS

Guaranty Trust Company of Canada

88 University Ave., Toronto
624 Howe St., Vancouver

NAHANNI MINES LIMITED

REPORT OF THE DIRECTORS

To the Shareholders:

The directors are pleased to present the sixth annual report of your Company. Included with the review of activities are financial statements for the year ended December 31, 1967.

Expenditures during the past year were relatively modest as the Mark Joint Venture drilling was financed by another group of companies.

Nahanni has increased its interest in Redstone Mines Limited and now owns 101,288 shares of that company. Redstone will be exploring its copper and silver properties in the Northwest Territories during 1968.

Your Company now owns 15,500 shares of Cumont Mines Limited. This company, which is listed on the Vancouver Stock Exchange, has important property holdings in the Copper Mountain area of British Columbia where surface exploration is now in progress.

Nahanni's 50 percent interest in the Uranium Joint Venture could well become an important asset if results on the Beaver

Valley Project continue to improve. The location of the Beaver Valley property is shown on the accompanying map.

Beaver Valley Project

Nahanni and Fort Reliance Minerals Limited jointly own a block of claims located about 75 miles northeast of the Pine Point mine in the Northwest Territories. This block was acquired by staking and surrounds a group under option to Hogan Mines Limited, a Vancouver-based company.

Uranium oxide has been found on the claims in an attractive geological setting. Hogan, Nahanni and Fort Reliance, are now conducting a scintillometer survey on the two groups. Preliminary results are quite encouraging but further work is necessary to properly evaluate the discovery.

Mark Joint Venture

Drilling was completed on the Mark and Gem groups during 1967 under the terms of the Mark Joint Venture agreement. The program was financed by Guggenheim Exploration Company Inc., Cerro

Corporation and Homestake Mining Company. Results were disappointing and the agreement was recently terminated after the expenditure of about \$50,000 by the three companies. No further work is planned for this area during 1968.

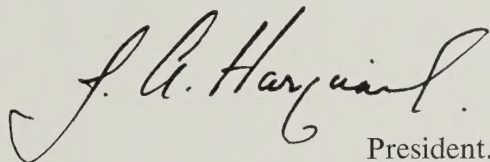
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Expenditures during 1968 will be concentrated on the uranium properties in which Nahanni has an interest.

It is the intention of your management to continue to utilize Nahanni's financial and technical resources to the best of our

ability. In this regard discussions are taking place concerning the possibility of Nahanni participating in the drilling of an attractive copper and uranium prospect.

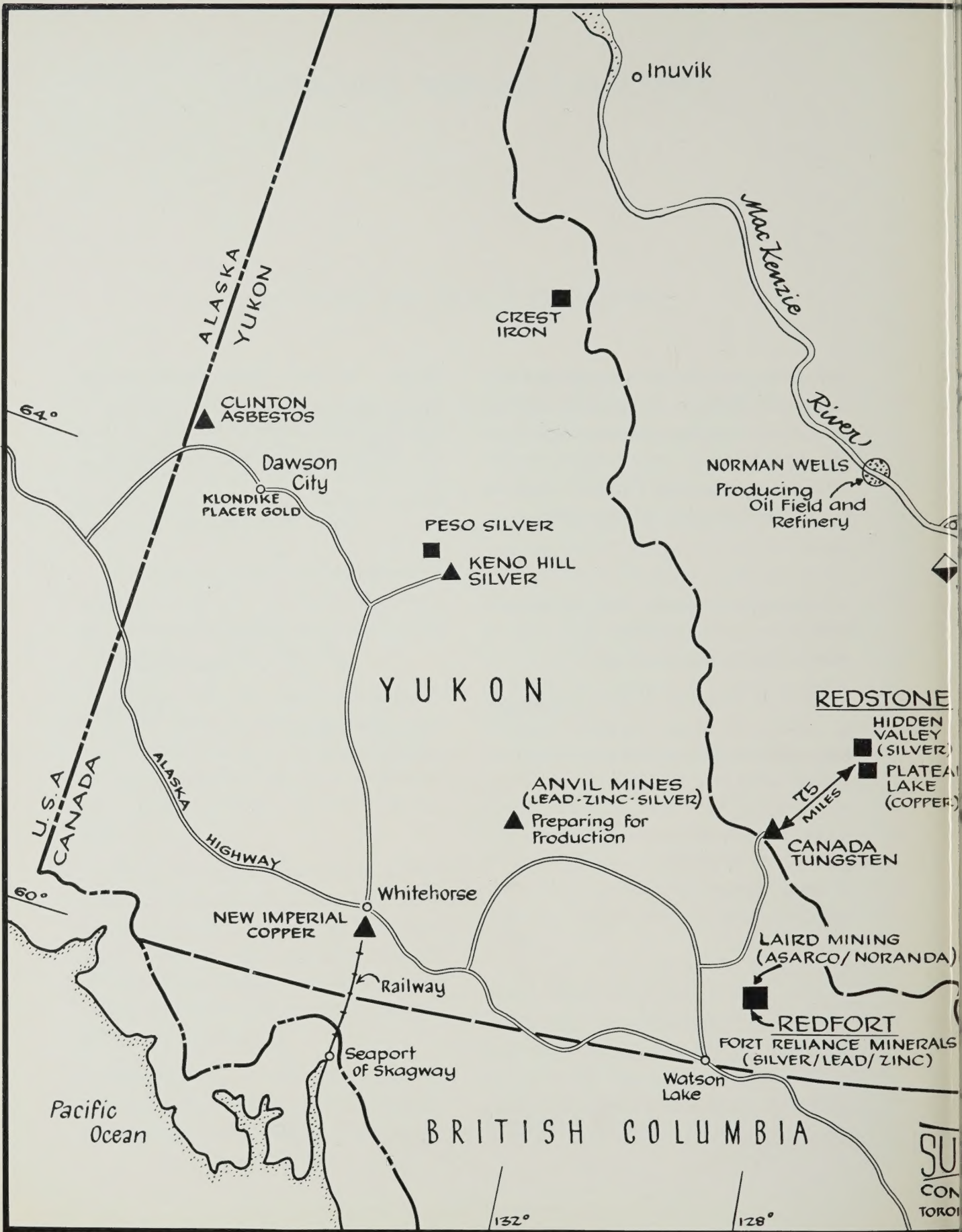
On behalf of the Board,

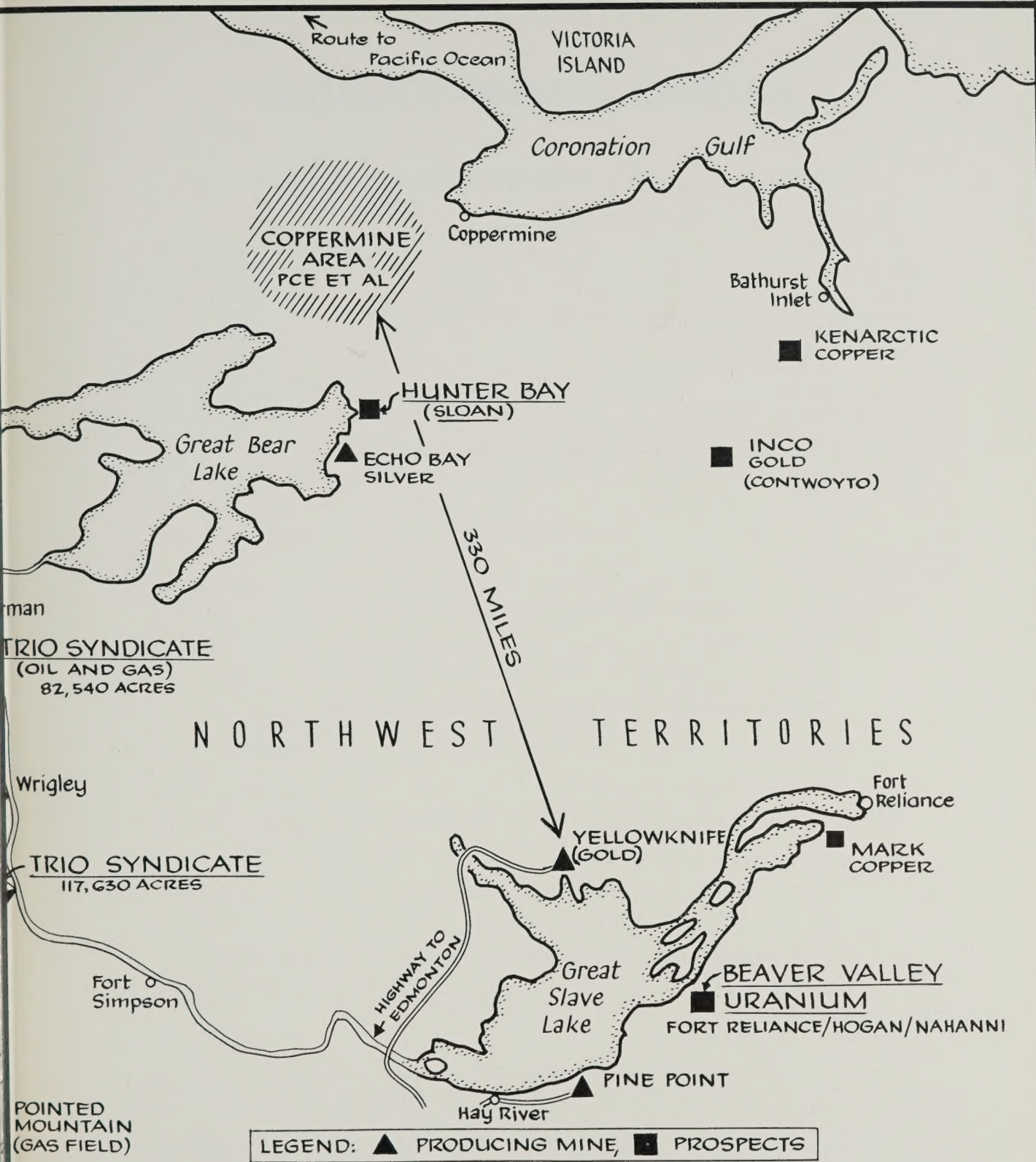
A handwritten signature in dark ink, reading "J. G. Harquail". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

President.

Toronto, Ontario

June 11, 1968





MINES AND PROSPECTS YUKON - NORTHWEST TERRITORIES

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JUNE '68

NAHANNI MINES LIMITED

BALANCE SHEET

ASSETS

	December 31	
	1967	1966
Current Assets:		
Cash	\$ 5,746	\$ 17,966
Short term note receivable, maturing January 3, 1968, at face value	40,000	50,000
Accounts receivable	1,171	170
Due from associated company	200	172
	47,117	68,308
Investments (Note 3)	20,928	20,358
Interest in exploration syndicate	8,767	3,106
Mining claims held under prospectors' licenses (Note 2)	2,100	2,100
Deferred prospecting and exploration expenses, per statement attached (Note 4)	88,770	109,638
	<u>\$ 167,682</u>	<u>\$ 203,510</u>

LIABILITIES

Accounts payable	\$ 1,478	\$ 1,295
Shareholders' Equity:		
Capital stock —		
Authorized — 5,000,000 shares without par value		
Issued and fully paid —		
140,500 shares for the assets of Nahanni Sixty Syndicate (acquired in 1962)	35,125	35,125
310,222 shares for cash	93,070	93,070
816,300 shares for the net assets of Point Prospecting Syndicate (acquired in 1966)	74,020	74,020
<u>1,267,022</u>	<u>202,215</u>	<u>202,215</u>
Deficit, per statement attached (Note 4)	(36,011)	
	<u>166,204</u>	<u>202,215</u>
	<u>\$ 167,682</u>	<u>\$ 203,510</u>

Approved on behalf of the Board:

J. A. HARQUAIL, Director.

J. C. BYRNE, Director.

(The notes to financial statements are an integral part of this statement)

AUDITORS' REPORT

To the Shareholders of
Nahanni Mines Limited:

We have examined the balance sheet of Nahanni Mines Limited as at December 31, 1967 and the statements of profit and loss and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change, with which we concur, in the method of accounting for administrative expenses as outlined in Note 4 to the financial statements.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

NAHANNI MINES LIMITED

STATEMENT OF PROFIT AND LOSS AND DEFICIT

	Year ended December 31	
	1967	1966 (Note 4 and note below)
INCOME:		
Interest earned	\$ 2,875	\$ 2,527
EXPENSES:		
Legal and audit fees	1,403	3,675
Office rent, accounting and secretarial services	6,000	5,000
Transfer agent and registrars' fees	694	—
Licences, filing and listing fees	617	1,000
General	6,111	2,544
Advertising and public relations	1,566	301
	<u>16,391</u>	<u>12,520</u>
	13,516	9,993
Loss on sale of securities	153	40
Loss for the year	<u>13,669</u>	<u>\$ 10,033</u>
Administrative expenses deferred at December 31, 1966 now written off — \$10,033 in respect of 1966, \$9,524 of prior years and \$3,785 of Point Prospecting Syndicate	23,342	
Administrative expenses of prior year recovered	(1,000)	
Deficit at end of year	<u>\$ 36,011</u>	

NOTE: For comparative purposes the company's 1966 administrative expenses which were deferred in the accounts are shown above.

(The notes to financial statements are an integral part of this statement)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year ended December 31	
	1967	1966
FUNDS PROVIDED:		
From issue of capital stock —		
For cash	\$ —	\$ 93,065
For net current assets acquired on acquisition of net assets of Point Prospecting Syndicate	—	31,661
Recovery of expenses paid in a prior year	1,000	—
	<u>1,000</u>	<u>124,726</u>
FUNDS APPLIED:		
Loss for the year (Note 4)	13,669	—
Expenditures for —		
Prospecting and exploration	2,474	48,216
Administrative expenses (Note 4)	—	10,033
Exploration syndicate	5,661	3,106
Investments	570	3,015
	<u>22,374</u>	<u>64,370</u>
Net increase (decrease) in working capital	<u>\$ (21,374)</u>	<u>\$ 60,356</u>

(The notes to financial statements are an integral part of this statement)

NAHANNI MINES LIMITED

STATEMENT OF DEFERRED PROSPECTING AND EXPLORATION EXPENSES

For the year ended December 31, 1967

	Cumulative to December 31, 1966	Expended in 1967	Cumulative to December 31, 1967
Aircraft charter	\$ 1,063	\$ 209	\$ 1,272
Line cutting	2,593	120	2,713
Geophysical surveys	23,368	—	23,368
Share of hydro power project survey costs incurred in association with Calgary Power Limited	1,475	—	1,475
Salaries and wages	18,211	916	19,127
Unemployment and compensation insurance	1,391	—	1,391
Consulting fees	9,545	—	9,545
Travel	4,132	611	4,743
Licences and fees	1,619	20	1,639
Sampling, assaying, maps, etc.	2,989	447	3,436
Equipment	289	—	289
Freight and haulage	9,175	9	9,184
Materials and supplies	9,480	—	9,480
Insurance	186	—	186
Sub-contracting development	115	—	115
Telephone, telegraph and sundry expenses	665	142	807
	<u>\$ 86,296</u>	<u>\$ 2,474</u>	<u>\$ 88,770</u>

(The notes to financial statements are an integral part of this statement)

NOTES TO FINANCIAL STATEMENTS

December 31, 1967

- On February 10, 1966, 150,000 shares of the company were reserved for the granting of options to any of its officers or other employees at a price of 45¢ per share. Options have been granted to officers, one of whom is a director, on 110,000 of these shares at a price of 45¢ per share. These options may be exercised by the applicable officers any time up to February 11, 1968.
- The company holds 100% interests in 181 mineral claims and is the beneficial owner of a 50% interest in a group totalling 18 claims, all of which are located in the Point Lake and Great Slave Lake areas of the MacKenzie district of the Northwest Territories, Canada. The group of 18 claims are being explored with costs being shared equally with another company which owns the remaining 50% interest in the claims. Except for 14 of the claims with a value of \$2,100 thereon, the claims are carried in the books of the company with no assigned value.
- The company held the following investments as at December 31, 1967:

	Cost
10,500 shares of Cumont Mines Limited	\$ 3,586
81,288 shares of Redstone Mines Limited, acquired partly for cash and partly for shares	17,342
	<u>\$ 20,928</u>

The market value of the shares of Cumont Mines Limited based on quotations as at December 31, 1967 was \$3,780. As the shares of Redstone Mines Limited are not listed on a stock exchange, there is no reliable guide to market value.

- In 1966 and prior years the company followed the practice of deferring all administrative expenses incurred. Commencing in 1967 the company is charging these expenses to the statement of profit and loss as they are incurred. As a consequence of this change in accounting practice, the administrative expenses incurred to December 31, 1966 aggregating \$23,342 have been charged to the deficit account.

